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UNCLAS SECTION 01 OF 02 ACCRA 002344

SIPDIS

SENSITIVE

E.O. 12958: N/A

TAGS: [KMCA](#) [ECON](#) [EAGR](#) [PREL](#) [GH](#) [MCA](#)

SUBJECT: PRESIDENT KUFUOR AND AMBASSADOR DISCUSS MCA
PROGRESS AND NEXT STEPS

Summary

1. (SBU) On November 11, 2005, Ambassador Bridgewater and Millennium Challenge Corporation (MCC) officials held the most open and frank discussion to date with President Kufuor about the state of Ghana's Millennium Challenge Account (MCA) program. On the eve of meetings in Washington between the MCC and Ghana MCA team, Kufuor expressed impatience with his team's slow progress. He announced Minister for Public Sector Reform Paa Kwesi Nduom as the new team leader, charged with quickening the pace of Compact development. Kufuor strongly urged more on the ground assistance from the MCC to avoid further delays and misunderstandings. The Ambassador stated that the goal of the Washington meetings was to develop a roadmap for completing the Compact, and cautioned against focusing too much on timing. Ambassador also outlined Post's public outreach plan on MCA. End Summary

Kufuor Changes Team Leader, Urges Faster Progress

2. (SBU) In advance of critical meetings in Washington between the Ghana MCA team and MCC officials, Ambassador Bridgewater, MCC's Rod Norman and David Ameyaw, and EconChief Chris Landberg, met with President Kufuor, Minister Nduom, and Secretary to the President Ambassador D.K. Osei to discuss the latest progress and outstanding issues related to the draft Ghana Compact. The only original Ghana MCA team member in attendance was the President's representative on the team.

3. (SBU) Kufuor expressed deep frustration his own team's slow efforts at developing a proposal and for the first time he asked for explicit feedback on the Ghana MCA team. He noted his commitment to quickening the pace of Compact development, and as evidence of his willingness to shake things up announced that Minister Nduom would replace Finance Minister Baah-Wiredu as head of the Ghana MCA team, starting immediately. He stated that Nduom would lead the delegation to Washington.

4. (SBU) Kufuor also voiced concern that the Ghana team's decision to increase the project amount from \$290 million to almost \$500 million (mostly added infrastructure projects) would lead to problems with the MCC and further delays. He was unsure how the increase had come about and said he had taken his team to task. He admitted that he was a little uncomfortable with the larger amount and asked Rod Norman for a candid reaction on whether the enlargement was realistic, emphasizing that his priority was to avoid additional delays. He proposed a phased approach, with the original \$290 million Compact as the first phase and the second phase dependent on solid progress on the first.

5. (SBU) Kufuor also expressed a strong desire to receive more on site assistance from the MCC so that any further misunderstandings would not delay the process. He said he felt like Ghana was in an examination that it could not seem to pass and commented that all further work needs to occur with close coordination with MCC. He said he has wondered if he should have hired a U.S. consulting company from the start, instead of believing in the idea of "country ownership." Although he worried that some might see him as responsible for leadership changes at MCC, he emphasized that his main point in meetings with President Bush was for the MCC to have more of an on-the-ground presence.

Ambassador, MCC Note Progress, Urge Focus on Quality

6. (SBU) Ambassador Bridgewater reassured the President that the U.S. shared his interest in completing the process quickly. She noted that progress had been made under the reorganized MCA team and momentum seemed to be building. The Ambassador also urged less focus on timing and more on developing a Compact that both countries can be proud of and that will have a measurably positive impact on Ghanaians' living standards. The Ambassador and Rod Norman emphasized that the Washington meetings were crucial to identifying what aspects of the Ghana program still needed work and what resources were necessary to complete the work. They stated that the overall goal was to develop an action plan and timeline for finalizing program design, MCC due diligence, and other documentary requirements necessary for

consideration by the MCC Board of Directors. Norman hoped to be able to deliver the end result (the "roadmap") to Kufuor in writing.

17. (SBU) In response to the President's concern about the revised program amount, Rod Norman commented that most important was that it be defensible. He added that the two sides would be in a better position to assess the size of the program during the upcoming meetings. The MCC would also be in a better position to gauge what MCC support -- in terms of consultants and funding -- would be necessary, going forward. While the MCC would stand ready with the approximately \$3 million in 609(g) funds, and would explore ways to quicken the MCC's procurement process, Norman noted that they would rely on the Ghana government's continued financial commitment.

18. (SBU) Kufuor and Ambassador Osei pressed for detailed comments about the Ghana team and the program. In response, Norman stated the priorities were: 1) create a unified team, as the current one is too large, many of the consultants have competing interests, and they do not have a unified vision of the proposal; 2) the revised program is three-quarters infrastructure, but that is the most under-resourced part of the Ghana team; 3) more commitment on resources, as many on the Ghana team have not been paid; and 4) a high-level representative with decision-making authority.

19. (SBU) Kufuor responded that Minister Nduom has the requisite authority and would ensure Ghanaian compliance. Nduom agreed the team was too large and unfocussed, but noted that given the timing he would take the current team to Washington and wait until after the meetings to make changes. He also stated that he was forcing the team to practice and improve their presentations. Norman reassured him that given the resources the existing infrastructure consultants could deliver.

10. (SBU) The Ambassador closed the meeting briefly outlining Post's media outreach strategy to promote MCA. She said the Embassy would monitor local coverage to ensure reporting accuracy. Embassy officials would also look for opportunities to discuss MCA with the public, including accompanying the MCC on trips to the Compact's three target regions, and using those opportunities to speak to the press about progress of the Ghana program and its importance for Ghana.

Comment

11. (SBU) The President was in no mood to discuss the MCA program in general terms, and as a result the meeting immediately went off script. Kufuor was frustrated and repeatedly pushed for detailed MCC observations on both the draft Compact and the Ghana team. He made clear he is ready to do whatever is necessary to expedite the process. U.S. officials went into more detail about Ghana's shortcomings than in any previous meeting, and the President appeared open to the criticism and interested only in solving the problems. If he had been open to this kind of dialogue in 2004 the Ghana program would be done.

12. (SBU) Minister Nduom's appointment will cause some upheaval on the team, particularly as it will take time to iron out the Finance Ministry's responsibilities. However, there is clearly no power struggle in Nduom's mind. He stated unequivocally following the meeting that "I am in charge." And of all the Ministers in government, Post would argue that Nduom is the most capable of taking control of the team and completing an acceptable Compact. Prior to his appointment as Minister of Energy in 2003, Nduom oversaw the development of the Ghana Poverty Reduction Strategy (Ghana's Poverty Reduction Strategy Paper -- PRSP), an even more unwieldy program than the MCA proposal. He received well-earned praise for his ability to steer that process, and should be able to do the same this time around. End Comment.

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